



Senate

General Assembly

February Session, 2006

File No. 257

Senate Bill No. 16

Senate, March 31, 2006

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT PROTECTING MUNICIPAL RETIREE HEALTH INSURANCE BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) Notwithstanding any
2 provision of the general statutes or special act 01-1, no municipality or
3 subdivision of a municipality that provides group health insurance
4 benefits to a retiree of the municipality or subdivision as of the
5 effective date of this section shall diminish or eliminate such retiree's
6 benefits. Nothing in this section shall be construed to prohibit such
7 municipality or subdivision from selecting an alternative insurance
8 carrier to provide such retiree's benefits as long as the benefits
9 provided by the alternative insurance carrier are at least equivalent to
10 the benefits previously provided by such municipality or subdivision
11 to such retiree.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
-----------	---------------------	-------------

LAB *Joint Favorable C/R*

PD

PD *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
All Municipalities	STATE MANDATE - See Below	Potential	Potential

Explanation

The bill prohibits the Waterbury Financial Planning and Assistance Board and municipalities that currently provide group health insurance benefits to retirees from diminishing or eliminating these benefits. The bill may prevent a municipality from achieving indeterminate savings in retiree health insurance costs by reducing benefit levels. It should be noted that retiree health benefits are often the subject of municipal collective bargaining.

The Out Years

Any fiscal impact identified above would continue into the future subject to inflation.

OLR BILL ANALYSIS**SB 16*****AN ACT PROTECTING MUNICIPAL RETIREE HEALTH INSURANCE BENEFITS.*****SUMMARY:**

This bill bars municipalities, housing authorities, and other municipal subdivisions from eliminating or diminishing group health insurance benefits that they choose to provide for their retirees. It applies to municipalities that arrange for health insurance on their own or through the state-sponsored Municipal Employee Health Insurance Program (MEHIP). Current law does not specifically address municipalities providing health insurance to their retirees. But it prohibits them from diminishing retirement benefits for retirees while not specifying if this includes health insurance.

The bill's prohibition specifically applies to SA 01-1, which created the Waterbury Financial Planning and Assistance Board and gave the board broad power over the city's finances, budgets, and union contracts.

The bill specifically allows a municipality or municipal subdivision to select an alternative group health insurance carrier for retirees if the benefits remain at least equivalent to those previously provided.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Change of Reference

Yea 11 Nay 2 (03/07/2006)

Planning and Development Committee

Joint Favorable

Yea 13 Nay 4 (03/17/2006)